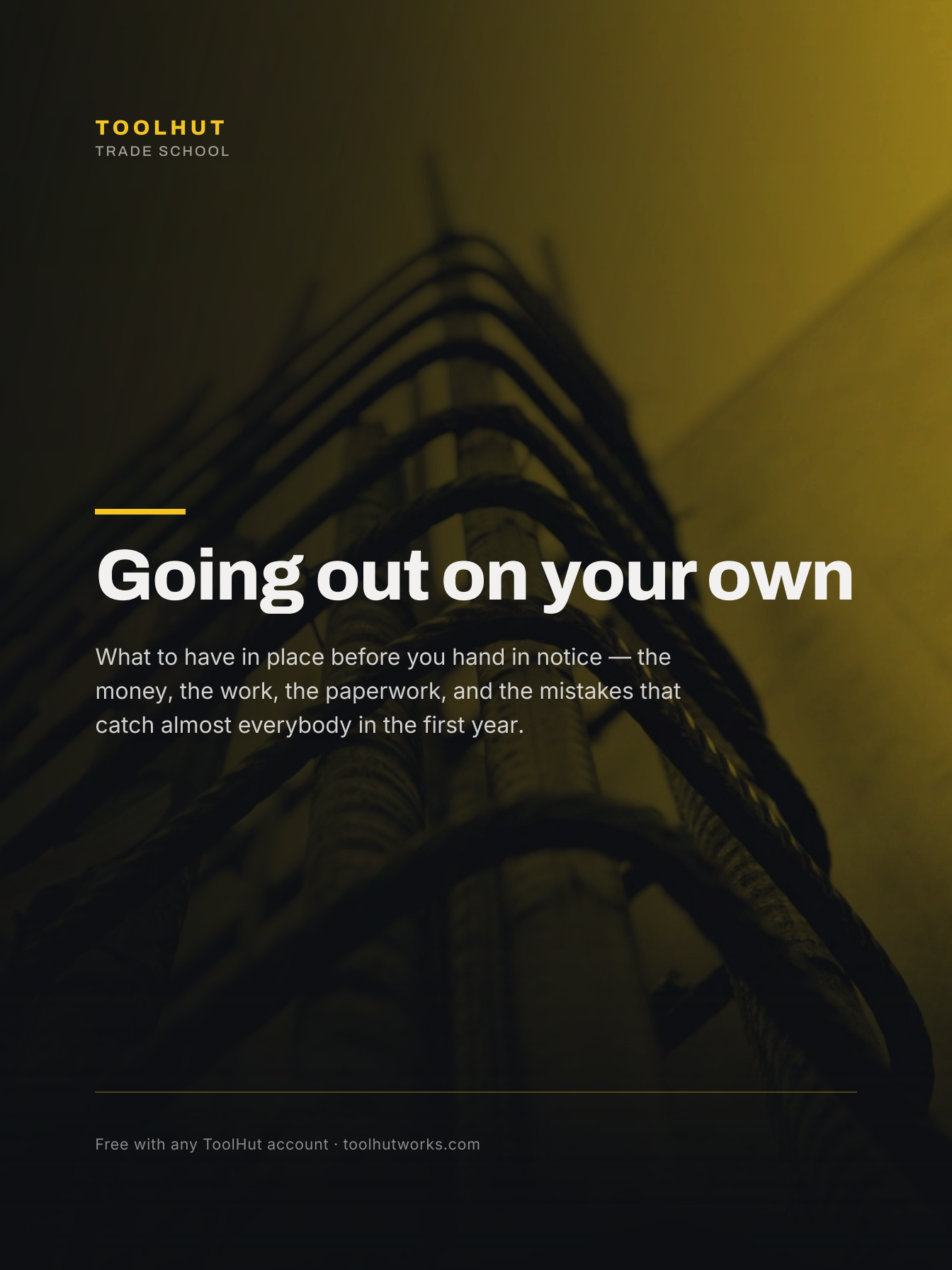


TOOLHUT
TRADE SCHOOL

Going out on your own

What to have in place before you hand in notice — the money, the work, the paperwork, and the mistakes that catch almost everybody in the first year.

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Most people go out on their own the same way. They get angry on a Tuesday, hand in notice on a Wednesday, and figure out the rest from the truck.

Plenty of them do fine. The ones who do fine almost always had two things the angry version does not: money in the bank and work already promised. Everything else can be sorted out as you go.

This is about the other version — where you pick the date instead of the date picking you.

The thing nobody says out loud

Going out on your own is not a promotion from being a good tradesman. It is a change of job.

You will still do the work. Probably more of it, and often at night. But you are also about to take on quoting, invoicing, chasing money, buying material, answering the phone while you are under a sink, and finding the next job while you are still standing in this one.

People who love the craft and hate the admin can absolutely make this work — but it is worth knowing in advance that roughly a third of your week is about to become something other than the thing you are good at. The ones who struggle are rarely bad at the trade. They are people who assumed the trade was the job.

The second thing nobody says: for about a year, you are the only person who cares whether this works. No supervisor, no crew, nobody noticing you did well. Some people find that liberating and some find it lonely. Both are normal.

The three numbers

Before a date goes on a calendar, work these out. It takes one evening with a pen.

Your floor

What your household actually costs for a month. Housing, the truck, food, insurance, the kids, everything. Not the lean version you could survive on for two weeks — the real one.

Say it comes to **$6,000 a month.**

Your runway

How many months of that you have saved, kept separate from the business.

Honest answers usually land between three and six months. Three is tight. Six lets you turn down a bad job, which turns out to be worth more than it sounds.

At $6,000 a month, six months is **$36,000** sitting still. That figure stops a lot of people, and it should — not because you can never start with less, but because starting with less means every decision in your first year gets made under pressure, and pressure is what makes people take the job they should have walked away from.

Your startup cost

Not the dream truck. What you genuinely cannot begin without.

For most trades: a vehicle you own outright or can afford the payment on, your own tools rather than the shop's, general liability insurance, licensing and registration, and enough float to buy material for the first two or three jobs before anybody pays you.

For a lot of solo trades that lands between **$8,000 and $25,000**, depending almost entirely on the vehicle.

Add runway and startup together. That is the real number, and it is nearly always larger than the one in your head.

Line up the work first — carefully

The single best predictor of a good first ninety days is having work already promised before you leave.

The awkward part is that the most obvious source — your current employer's customers — is the one to be careful with. If you signed anything with a non-solicitation clause, read it before you do anything at all. If you did not, there is

still a difference between customers who find you and customers you actively took on the way out, and in a small town that difference follows you for years.

Safer ground, and usually more productive:

- **Other trades you already work beside.** This is the best source in the business and almost nobody works it deliberately. Every electrician has a plumber they are tired of; every GC has a tile setter who does not answer the phone. These people are not looking for a cheap trade. They are looking for one who turns up when they said. That is a low bar and you can clear it.
- **Builders and GCs who know your work** from site, not from your old boss's contract.
- **Your supplier's counter.** The staff talk to every contractor and every walk-in in the area, all day. They know who is looking for whom.
- **People who have already asked you.** Most tradesmen have been asked to do side work and said no because they were employed. Those people still have the problem.

The conversation is not a pitch. It is one sentence: *"I've gone out on my own — if you're ever stuck, I'm about."* Say it to fifteen people. You are looking for a handful who will say *call me when you're out*, not a vague sense that there is demand.

What to have before day one

Not everything. These.

A business bank account, separate from personal, from the first dollar. Mixing them is the most expensive habit in small business — not because it is wrong, but because at tax time nobody can tell what anything was. An accountant reconstructing a year of mixed spending from statements might charge **$800 to $2,000** to do what would have cost nothing. Worse, they will miss deductions, because they cannot tell a material run from a grocery run six months later, and every missed deduction is tax you did not owe.

Insurance that matches the work you will actually take. Do not pick the limit yourself. Ask the builders and GCs you want to work for what they require — usually $1 million per occurrence with a $2 million aggregate, and more on bigger projects — and buy at least that. You will need the certificate to get on

their sites anyway. The cheap policy and the right policy look identical until the day you need them.

Your licensing and registration current and in your own name. Working under an employer's license ends the day you leave. Renewals lapse quietly — most states send one notice, to whatever address they have.

A way to quote that does not take an hour. One template per job type, with your inclusions and exclusions written once. You will use it on day two and every day after.

An accountant found before you need one. Not at tax time — now, while someone who has seen a dozen businesses like yours can tell you how to set up. Which entity to form genuinely depends on your income, your state and whether you will have employees; it is a question for a professional who knows your numbers, not for a forum. Ask the trades you work beside who they use, and ask the supply counter. They know everybody.

Price it properly from the first quote

The most common and most expensive first-year mistake is pricing off your old wage.

You were paid $32 an hour, so $60 feels generous. It is not. It is below cost once you carry a truck, insurance, and a quiet month.

Work it out instead. Your pay for a year, plus everything it costs to be open, divided by the hours you can genuinely bill — which for a busy solo operator is **1,200 to 1,400 a year**, not 2,080, once you take out holiday, weather, driving, quoting and chasing.

Say **$72,000** of pay and **$24,000** of overhead over 1,300 hours: that is **$73.85 an hour** just to break even, before a cent of profit. Add 20% and you are at **$92**.

Then two more things, both routinely given away: **mark up material** (15–35%, quoted on its own line), and **take a deposit** — a third on anything with real material in it, so you stop buying other people's copper on a credit card at 22%.

If that is the only section you act on, it will still have been worth reading.

The mistakes that repeat

Taking every job in month one. A full calendar feels like safety. The bad customer who calls first will eat the week you needed for the three good ones who called later.

Buying the truck first. The vehicle is the most visible part of being in business and one of the least urgent. It is very easy to spend your runway on a wrap and a rack.

No deposits, because you are grateful for the work. This is how new businesses end up financing customers in month two.

Advertising before you have proof. Strangers compare on the only thing they can see, which is price — the worst possible footing when your costs are highest. Your first ten jobs should come from people who already know whether you are any good. Photograph every one of them, and ask for a review on the day, in person. In six months those photos and reviews are the only evidence you have.

Saying yes to the $40,000 project in week two. It looks like the answer to everything. It is also all of your capacity and all of your exposure in one place, where one payment problem takes the business with it.

A first ninety days that works

1. **Work out your floor** — one honest month of household costs.
2. **Multiply by six.** Decide, with open eyes, whether you will start at less.
3. **Total your startup costs** — vehicle, tools, insurance, licensing, material float.
4. **Have fifteen conversations** with trades, builders and suppliers who know your work.
5. **Open the business account and meet an accountant** before you need either.
6. **Build one quote template** with inclusions, exclusions and your deposit terms already in it.
7. **Work out your real hourly rate** before you quote anything.

8. **Then pick the date** — because the numbers say so, not because a bad Tuesday does.

None of this removes the risk. It makes sure the risk you take is one you chose on a calm evening with a calculator, rather than one you backed into on the worst day of your working year.

That is the whole difference, and it is almost entirely decided before you hand in notice.

Keep going.

The full curriculum — pricing, getting paid, winning the work and running the business side — is free with any ToolHut account at toolhutworks.com.

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